

FACT SHEET: Economic Rescue Plan

REINVEST, REIMBURSE, REFORM

AN IMPROVED ECONOMIC RESCUE PLAN

- Reinvest in the troubled markets ... to stabilize our economy and insulate Main Street from Wall Street
- Reimburse the taxpayer ... requiring a plan to guarantee they will be repaid in full
- Reform how business is done on Wall Street ... no golden parachutes and sweeping oversight

CRITICAL IMPROVEMENTS

This Congress insisted from day one on substantial changes to make the Bush-Paulson plan acceptable-protecting American taxpayers and Main Street-and these elements are included in the new legislation.

Protection for taxpayers, REQUIRING A PLAN TO BE REPAYED IN FULL

- Requiring Congressional review after the first \$350 billion is disbursed
- Gives taxpayers a share of the profits of participating companies, or puts taxpayers first in line to recover assets if a company fails
- Requires a President five years from now to submit a plan to ensure taxpayers are repaid in full, with Wall Street making up any difference
- Allows the purchase of troubled assets from pension plans, local governments, and small banks

Limits on excessive compensation for CEOs and executives

- For companies publicly auctioning over \$300 million:
- No multi-million dollar golden parachutes for top 5 executives after auction

- No tax deduction for executive compensation over \$500,000
- Penalizes golden parachutes for CEOs who are fired or have run the company into the ground
- For companies from which the government makes direct purchases:
 - No multi-million dollar golden parachutes
 - Limits CEO compensation that encourages unnecessary risk-taking
 - Recovers bonuses paid to executives who promise gains that turn out to be false or inaccurate

Strong independent oversight and transparency

- Separate independent oversight entities or processes to protect the taxpayer
- A strong oversight board appointed by bipartisan leaders of Congress
- GAO oversight and audits at Treasury to ensure strong controls; prevent waste, fraud, and abuse
- An independent Inspector General to monitor the Treasury Secretary's decisions
- Transparency-requiring online posting of transactions-to jumpstart private sector demand
- Meaningful judicial review of the Treasury Secretary's actions

Help to homeowners and small businesses

- Provides property tax relief to up to 30 million homeowners -- extending a new \$1,000 property tax deduction for non-itemizing couples through the end of 2009
- Increases from \$100,000 to \$250,000 the amount of bank deposits insured by the FDIC
- The government can work with loan servicers to change mortgage terms (reduce principal or interest rate, lengthen time to pay back the mortgage) to reduce 2 million projected foreclosures in next year
- Extends provision (enacted earlier in this Congress) to stop tax liability on mortgage foreclosures
- Helps save small businesses that need credit by aiding small community banks-allowing these banks to deduct losses from investments in Fannie Mae and Freddie Mac stocks

CRITICAL TAX CUTS FOR FAMILIES & TO CREATE JOBS

To strengthen the economy, the measure includes over \$100 billion in tax cuts that will create and save over 500,000 American green jobs, provide tax relief to middle-class families struggling to make ends meet in the face of the rising energy, health care, and grocery costs, and spur business investment and innovation.

Spur American Energy Independence & Create Green Jobs

(\$18 billion Tax Incentives for Renewable Energy)

- Eight-year extension of the investment tax credit (ITC) for solar energy
- Two-year extension of the production tax credit (PTC) for energy derived from biomass, geothermal, hydropower, waves and tides, landfill gas and solid waste
- One-year extension of the PTC for energy derived from wind
- Eight year-extension and significant expansion of the residential solar tax credit
- New clean renewable energy bonds for electric cooperatives and public power providers to finance facilities that generate electricity from renewable resources (\$800 million)
- Incentives for carbon capture and sequestration demonstration projects
- Incentives for the production of homegrown renewable fuels, such as biodiesel and renewable diesel, and for the installation of E-85 pumps for consumers to fill up flex-fuel vehicles
- Tax credits of \$2,500 or more toward the purchase of fuel-efficient, plug-in hybrid vehicles
- Incentives for energy conservation in commercial buildings, residential structures, and energy efficient appliances
- Tax credit bonds to State and local government to make energy conservation investments in public infrastructure and invest in research (\$800 million)

Fully Paid for:

- Stops an increase in taxpayer-funded subsidies for oil companies (Freeze Sec. 199)
- Closes foreign tax loophole for large oil companies (FOGEI, FOREI)
- Basis reporting by brokers on sales of stock

Relief for Middle-Class Families, American Businesses and Communities

- AMT tax relief for 25 million middle-class families (\$64 billion)
- Extending tax cuts for American businesses and families (2 year extension through 2009; \$53 billion)
- Ensures the competitiveness of American businesses by extending the R&D tax credit

- Provides up to 30 million homeowners with property tax relief (extension through 2009)
- Benefits 11 million families through the State and local sales tax deduction
- Helps 4.5 million families better afford college with the tuition deduction
- Saves 3.4 million teachers money with a deduction for classroom expenses
- Helps families of 13 million children by expanding the child tax credit to those earning \$8,500 a year (from \$12,050 in current law) and
- Closes tax loophole for deferred compensation paid by offshore companies.
- Disaster Tax Relief for the Midwest, for Hurricane Ike, and for future disasters (\$8.8 billion)
- Mental Health Parity to end discrimination against patients seeking treatment for mental illnesses (\$3.9 billion)
- Secure Rural Schools and Roads by extending payments to counties with national forest lands for four years (\$3.3 billion)